

Message Text

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PAGE 01 BUDAPE 01353 051102Z
ACTION EUR-12

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-----121057 051104Z /14/53
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FM AMEMBASSY BUDAPEST
TO SECSTATE WASHDC 1117

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CORRECTED COPY (TEXT)

E.O. 11652: N/A
TAGS: N/A
SUBJECT: DIRECT RELAY TELEGRAM

TO: MR. DONALD HASFURTHER
HUNGARIAN-U.S. ECONOMIC COUNCIL
1615 H STREET
WASHINGTON, D.C. 20062
TELEX RCA 248302

DEAR MR. HASFURTHER:

MANY THANKS FOR YOUR KIND TELEX OF MARCH 21. WE BELIEVE
WE HAVE NEGOTIATED A GOOD AGREEMENT AND APPRECIATE YOUR
OFFER OF SUPPORT.
WE ARE CONFIDENT THAT TRADE AGREEMENT WILL BENEFIT THE
UNITED STATES AS MUCH AS IT WILL BENEFIT HUNGARY, AS
AMERICAN GOODS ARE MUCH ADMIRERD IN HUNGARY AND SHOULD BE
VERY COMPETITIVE WITH MFN TARIFF TREATMENT. I WILL CITE
JUST TWO RECENT CONTRACT AWARDS IN WHICH TECHNOLOGICAL U.S.
ADVANTAGES WERE OFFSET BY TARIFF SITUATION:

-- KAPOSVAR MEAT PACKING PLANT WHICH WILL PRODUCE
CANNED HAM AND BACON PRIMARILY FOR U.S. MARKET; THE DOL 35
MILLION CONTRACT WAS AWARDED TO A WEST GERMAN FIRM OVER
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AMERICAN COMPETITION IN JANUARY;

-- SZABADEGYHAZA LIQUID SUGAR PLANT -- THREE
COMPETING GROUPS ALL BASED THEIR OFFERS ON U.S. TECHNOLOGY,
BUT U.S.-SOURCED GOODS WILL AMOUNT TO ONLY ABOUT DOL 1 MILLION
OUT OF THIS DOL 35 MILLION CONTRACT TO BE SIGNED IN APRIL.

I ASSUME YOU HAVE A HUNGARIAN TARIFF SCHEDULE, WHICH SHOWS
CLEARLY THE HEAVY DISADVANTAGE U.S. PRODUCTS HAVE FACED.
TO TAKE REPRESENTATIVE EXAMPLES, SUBMERGIBLE PUMPS:
15 PERCENT AD VALOREM MFN RATE VERSUS 60 PERCENT NON-MFN;
MOST TYPES OF AIR PUMPS AND COMPRESSORS 40 PERCENT V.
80 PERCENT; MOST TYPES OF MACHINE TOOLS 35-40 PERCENT V.
70-80 PERCENT; MOST CHEMICALS 10-30 PERCENT V. 50 PERCENT
OR MORE. THE HUNGARIAN TARIFF SYSTEM DOES INFLUENCE
PURCHASE DECISIONS, SO OPPORTUNITIES FOR U.S. BUSINESS IN
HUNGARY WILL EXPAND SIGNIFICANTLY ONCE AGREEMENT BECOMES
EFFECTIVE. THE SUPPORT OF THE U.S.-HUNGARIAN ECONOMIC
COUNCIL AND ITS MEMBER FIRMS WILL BE VERY HELPFUL.

SINCERELY,
PHILIP M. KAISER
AMBASSADOR
KAISER

NOTE BY OC/T: PASSED ABOVE ADDRESSEE.

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NNN

Message Attributes

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